



**[Docket No. FR-6218-N-02]**

**Notice of Change to an Expenditure Deadline  
Under the CARES Act for Community Development Block Grant Program Coronavirus  
Response Grants**

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

**ACTION:** Notice.

**SUMMARY:** On August 20, 2020, HUD issued a notice providing for the program rules, statutory and regulatory waivers, and alternative requirements applicable to supplemental Community Development Block Grant (CDBG) funds made available to prevent, prepare for, and respond to coronavirus (CDBG–CV funds) and to annual formula CDBG grants awarded in fiscal years 2019 and 2020. This notice describes a change to one of the regulatory waivers and alternative requirements applicable to the CDBG-CV funds. The change removes the requirement that eighty percent of a grant must be expended within three years of grant agreement execution. Except as otherwise described in this notice, the August 2020 Notice, the CARES Act, and the statutory and regulatory provisions governing the CDBG program continue to apply to CDBG-CV funds.

**DATES:** [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Savin Ven Johnson, Deputy Director, Office of Block Grant Assistance, Office of Community Planning and Development, Department of Housing and Urban Development, 451 7th Street SW, Room 7282, Washington, DC 20410, telephone number 202-708-3587. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>. Facsimile inquiries may be sent to Ms. Ven Johnson at 202-708-0033. Except for the “800” number, these telephone numbers are not toll-free. Questions regarding the CDBG-CV program may be submitted to

CPDQuestionsAnswered@hud.gov. Interested parties may also visit HUD's website at [https://www.hud.gov/program\\_offices/comm\\_planning](https://www.hud.gov/program_offices/comm_planning) for updated information and resources.

## **SUPPLEMENTARY INFORMATION:**

### **I. Overview and Background**

The Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116-136) (CARES Act) was signed March 27, 2020. The CARES Act made \$5 billion in Community Development Block Grant (CDBG) coronavirus response (CDBG-CV) funds available to prevent, prepare for, and respond to coronavirus. CDBG-CV and CDBG grants are a flexible source of funding that can be used to pay costs that are not covered by other sources of assistance, particularly to benefit persons of low and moderate income. The CARES Act also provided the Secretary the authority to grant waivers and alternative requirements to quickly administer the funds.

On August 20, 2020, HUD published in the Federal Register a *Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs* (August 2020 Notice) to provide requirements applicable to HUD grantees for the use of CDBG-CV funds. 85 FR 51457. In the August 2020 Notice in Section III on CDBG-CV Grants, HUD established a Period of Performance requirement, in paragraph III.B.7.(a), which required a six-year expenditure deadline in the CDBG-CV grant agreement as well as a requirement that each grantee must expend at least 80 percent of their CDBG-CV funds within three years (Three-Year Requirement). The Three-Year-Requirement was based on CDBG expenditure patterns in more usual times.

Since January 21, 2020, when the Centers for Disease Control and Prevention (CDC) confirmed the first case in the United States of a coronavirus known by several names, including novel coronavirus, and SARS-CoV-2, and which causes the disease commonly referred to as COVID-19, the course of the ensuing pandemic caused unforeseen obstacles for grantees

implementing their CDBG and CDBG-CV assisted activities. The Three-Year Requirement, set in August 2020, did not take into account the expenditure delays that would be caused by the pandemic, such as major supply chain issues for construction materials, prolonged shutdowns, and the other economic effects of quarantines, social distancing, and workers dropping out of the workforce to care for family members.

In hindsight, these forces delayed construction launch and completion, stalled inspections, and – despite strenuous grantee efforts – delayed at least some activities for virtually every CDBG-CV grantee. Delays were compounded for CDBG-CV grantees as State and local staff struggled to adjust to remote or hybrid work while implementing a spate of other fast-moving and often overlapping CARES, FEMA, and American Rescue Plan (enacted March 3, 2021) funding from multiple agencies while considering the best uses for each funding source and preventing duplications of benefit.

## **II. This Notice**

Due to COVID-19, more than a third of the 1,200 plus CDBG-CV grantees need more time to achieve the 80 percent expenditure target (based on data from the IDIS online information system from March 2023). In response to the delay experienced by grantees and given HUD’s experience with slow distribution of funds, this notice removes the August 2020 Notice’s paragraph III.B.7.(a) Three-Year Requirement to expend 80 percent of funds for CDBG-CV funds. This Notice maintains the paragraph III.B.7.(a) Period of Performance requirement that provides grantees of CDBG-CV funds a six-year period of performance and 100 percent expenditure requirement.<sup>1</sup>

## **III. Findings and Certifications**

### **PAPERWORK REDUCTION ACT:**

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<sup>1</sup> 24 C.F.R. 570.200(k) and 24 C.F.R. 570.480(h) allow HUD to establish a period for performance and expenditure that is shorter than the normal period.

The information collection requirements in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Number 2506-0085. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

**CATALOG OF FEDERAL DOMESTIC ASSISTANCE:**

The Catalog of Federal Domestic Assistance numbers for the CDBG-CV grants under the CARES Act are: 14.218 (Community Development Block Grants/Entitlement Grants); 14.225 (Community Development Block Grants/Special Purpose Grants/Insular Areas); and 14.228 (Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii) (formerly CDBG Grant/Small Cities Program).

**ENVIRONMENTAL IMPACT:**

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for inspection at HUD's Funding Opportunities web page at: <https://www.hud.gov/grants/>. The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

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Marion McFadden,  
Principal Deputy Assistant Secretary for  
Community Planning and Development.

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